



General Assembly

January Session, 2003

Committee Bill No. 5080

LCO No. 3168

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING DISCLOSURES BY MORTGAGE SERVICING COMPANIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2003*) As used in sections 1 to 6,
2 inclusive, of this act:

3 (1) "First mortgage loan" has the same meaning as "first mortgage
4 loan", as defined in section 36a-705 of the general statutes.

5 (2) "Mortgage lender" has the same meaning as "mortgage lender",
6 as defined in section 36a-705 of the general statutes.

7 (3) "Mortgage servicing company" has the same meaning as
8 "mortgage servicing company", as defined in section 36a-715 of the
9 general statutes.

10 Sec. 2. (NEW) (*Effective October 1, 2003*) At least twenty-four hours
11 before the closing of a first mortgage loan, the mortgage lender shall
12 notify the mortgagor of the name and mailing address of the mortgage
13 servicing company, if any, that will receive payments of interest and
14 principal in connection with the mortgage.

15 Sec. 3. (NEW) (*Effective October 1, 2003*) If the mortgage servicing
16 company that receives payments of interest and principal in
17 connection with any first mortgage loan changes, the mortgage
18 servicing company that will assume responsibility for servicing the
19 first mortgage loan shall notify the mortgagor, at least sixty days prior
20 to assuming responsibility for servicing the mortgagor's loan, of such
21 mortgage servicing company's name and mailing address, and shall
22 provide all information required to be provided to a mortgagor
23 pursuant to section 4 of this act. Any such mortgage servicing
24 company shall, at least thirty days prior to assuming responsibility for
25 servicing the mortgagor's loan, notify the Commissioner of Banking, in
26 electronic format, as prescribed by the commissioner. If any such
27 mortgage servicing company fails to provide such notice to the
28 mortgagor, the commissioner, or both the mortgagor and the
29 commissioner, such mortgage servicing company shall be prohibited,
30 for twelve months from the date that such company assumes
31 responsibility for servicing such mortgage, from charging the
32 mortgagor any fees other than the principal and interest payments and
33 any late fees as specified in the original mortgage document.

34 Sec. 4. (NEW) (*Effective October 1, 2003*) Each mortgage servicing
35 company that receives payments of interest and principal in
36 connection with a first mortgage loan shall provide to the mortgagor:
37 (1) A schedule of fees that may be imposed on the mortgagor by the
38 company; (2) notice of any inspections to be performed by or for the
39 benefit of the company that will be charged to the mortgagor; (3) the
40 circumstances in which the mortgagor may be responsible for payment
41 of attorney's fees for services provided to the company and a schedule
42 of such fees; (4) any company requirements concerning insurance to be
43 carried by the mortgagor, and any company policy that permits the
44 company to obtain such insurance for the mortgagor and charge the
45 mortgagor for said insurance if the mortgagor is unable to obtain such
46 insurance; (5) a street address to which the mortgagor may send
47 correspondence; (6) a local or toll-free telephone number that the
48 mortgagor may call with questions or complaints; (7) the real estate

49 brokerage fees that may be realized by the company in the event of
50 foreclosure; and (8) notification of any change in the information
51 previously provided pursuant to subdivisions (1) to (7), inclusive, of
52 this subsection.

53 Sec. 5. (NEW) (*Effective October 1, 2003*) Any mortgage servicing
54 company that violates the provisions of section 3 or 4 of this act shall
55 be guilty of a class D felony.

56 Sec. 6. (NEW) (*Effective October 1, 2003*) The Commissioner of
57 Banking may report to the Chief State's Attorney the name of any
58 mortgage servicing company that, in the commissioner's opinion, has
59 (1) violated the provisions of section 3 or 4 of this act, for prosecution
60 pursuant to section 5 of this act, or (2) systematically and flagrantly
61 violated section 3 or 4 of this act and therefore violated chapter 949c of
62 the general statutes.

63 Sec. 7. Subsection (a) of section 53-394 of the general statutes is
64 repealed and the following is substituted in lieu thereof (*Effective*
65 *October 1, 2003*):

66 (a) "Racketeering activity" means to commit, to attempt to commit,
67 to conspire to commit, or to intentionally aid, solicit, coerce or
68 intimidate another person to commit any crime which, at the time of its
69 commission, was a felony chargeable by indictment or information
70 under the following provisions of the general statutes then applicable:
71 (1) Sections 53-278a to 53-278f, inclusive, relating to gambling activity;
72 (2) chapter 949a, relating to extortionate credit transactions; (3) chapter
73 952, part IV, relating to homicide; (4) chapter 952, part V, relating to
74 assault, except assault with a motor vehicle as defined in section 53a-
75 60d; (5) sections 53a-85 to 53a-88, inclusive, relating to prostitution; (6)
76 chapter 952, part VII, relating to kidnapping; (7) chapter 952, part VIII,
77 relating to burglary, arson and related offenses; (8) chapter 952, part
78 IX, relating to larceny, robbery and related offenses; (9) chapter 952,
79 part X, relating to forgery and related offenses; (10) chapter 952, part
80 XI, relating to bribery and related offenses; (11) chapter 952, part XX,

81 relating to obscenity and related offenses; (12) chapter 952, part XIX,
 82 relating to coercion; (13) sections 53-202, 53-206, 53a-211 and 53a-212,
 83 relating to weapons and firearms; (14) section 53-80a, relating to the
 84 manufacture of bombs; (15) sections 36b-2 to 36b-33, inclusive, relating
 85 to securities; (16) sections 21a-277, 21a-278 and 21a-279, relating to
 86 drugs; (17) section 22a-131a, relating to hazardous waste; [or] (18)
 87 chapter 952, part XXIII, relating to money laundering; or (19) section 5
 88 of this act, relating to mortgage servicing companies, provided the
 89 crime under section 5 of this act is systematic and flagrant.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>

Statement of Purpose:

To provide information to consumers concerning fees and procedures of mortgage servicing companies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. STRIPP, 135th Dist.